

Message Text

LIMITED OFFICIAL USE

PAGE 01 ANKARA 00342 01 OF 02 160858Z
ACTION EUR-12

INFO OCT-01 NEA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-06 ITC-01 TRSE-00 PRS-01 SP-02 SOE-02 OMB-01
DOE-11 NSCE-00 SSO-00 USIE-00 INRE-00 /113 W
-----020358 160942Z /23

O R 160740Z JAN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 222
INFO AMEMBFISY ATHENS
AMEMBASSY LONDON
AMEMBASSY NICOSIA
AMEMBASSY PARIS
AMEMBASSY ISLAMABAD
AMEMBASSY BRUSSELS
AMEMBASSY TEHRAN
AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR
USMISSION NATO
USMISSION GENEVA
USDOCOSOUTH NAPLES
EUCOM
USCINCEUR
CINCUSAFE
USDOCOLANDSOUTHEAST IZMIR
DIA WASHDC

LIMITED OFFICIAL USE SECTION 1 OF 2 ANKARA 0342

USOECD

USEEC

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ANKARA 00342 01 OF 02 160858Z

E.O. 10#52: NA
TAGS: PINT, EGEN, EFIN, ETRD, ENRG, TU
SUBJECT: ECONOMIC PROGRAM OF ECEVIT GOVERNMENT

REF: 77 ANKARA 4962 (300951Z JUN 77)

SUMMARY: ECONOMIC PORTION OF GOVERNMENT PROGRAMPRESENTED

TO PARLIAMENT BY PRIME MINISTER ECEVIT JANUARY 12 IS REPETITION OF ECONOMIC MEASURES HE PROPOSED LAST JUNE WHEN HIS REPUBLICAN PEOPLE'S PARTY (RPP) GOVERNMENT FAILED TO WIN CONFIDENCE VOTE. WHILE BRIEFLY CATALOGING TURKEY'S MAJOR ECONOMIC PROBLEMS, WHICH HAVE INTENSIFIED IN PAST SIX MONTHS, PROGRAM AVOIDS DISCUSSION OF AUSTERITY MEASURES THAT WILL NOW HAVE TO BE TAKEN TO CORRECT THEM, ECEVIT HAS APPARENTLY DECIDED TO WAIT UNTIL AFTER VOTE OF CONFIDENCE JANUARY 17 BEFORE RAISING THIS UNPLEASANT SUBJECT. GENERAL ECONOMIC AIMS OF PROGRAM ARE TO REDUCE INFLATION AND RESTORE TURKEY TO A SOUND COURSE OF DEVELOPMENT. PROGRAM ACKNOWLEDGES NEED TO CONTROL DEMAND; LIMIT INVESTMENTS THO THOSE THAT WILL CONTRIBUTE TO PUBLIC GOOD AND TO ACHIEVEMENT OF ECONOMIC PLANS; BOOST FOREIGN EXCHANGE EARNINGS; AND IMPLEMENT A NATIONAL ENERGY PLAN, INCLUDING A NUCLEAR POWER PROGRAM; IT SETS CONDITIONS FOR ADMISSION OF FOREIGN INVESTMENT. IN AREA OF INTERNATIONAL ECONOMIC RELATIONS, GOVERNMENT WILL TRY TO RESOLVE TO ITS ADVANTAGE TURKEY'S PROBLEMS WITH EC, ESTABLISH ECONOMIC COOPERATION (I.E., OBTAIN CAPITAL AND FOREIGN EXCHANGE) WITH MIDDLE EASTERN, MEDITERRANEAN, AND BALKAN COUNTRIES, AND, MOST NOTEWORTHY, MOVE CLOSER TO G-77. TO EXTENT THAT GOVERNMENT'S INTENTIONS HAVE BEEN STATED, THESE DO NOT THREATEN US ECONOMIC AND COMMERCIAL INTERESTS IN TURKEY. END SUMMARY.

1. MAIN ECONOMIC POLICY GOALS SET OUT IN GOVERNMENT PROGRAM READ BY PRIME MINISTER ECEVIT TO PARLIAMENT JANUARY 12
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ANKARA 00342 01 OF 02 160858Z

WERE TO REDUCE RATE OF INFLATION AND TO PUT TURKEY ON SOUND COURSE OF ECONOMIC DEVELOPMENT IN ACCORDANCE WITH ECONOMIC PLANS. LENGTHY ECONOMIC SECTION OF THE PROGRAM IS A REPETITION OF ECONOMIC MEASURES SET OUT LAST JUNE IN PROGRAM OF FAILED ECEVIT GOVERNMENT (REFTEL), ECONOMIC PROPOSALS ARE LARGELY NON-CONTROVERSIAL, AS MOMENT APPROACHES FOR PARLIAMENTARY VOTE OF CONFIDENCE JANUARY 17. PROGRAM PROVIDES NO ANALYSIS OF TURKEY'S ECONOMIC ILLS BEYOND A CATALOG OF THE MORE GLARING PROBLEMS (RAPID INCREASE IN RATE OF INFLATION, SHORTAGE OF FOREIGN EXCHANGE, BURDENSOME FOREIGN DEBTS, SHORTAGE OF ENERGY AND GOODS, BLACK-MARKETEERING, INVESTMENT AND PRODUCTION BOTTLENECKS, WASTE, OVERSTAFFING IN GOVERNMENT, AND UNEMPLOYMENT SO EXTENSIVE THAT IT THREATENS SOCIAL STABILITY). IT IS ALTOGETHER SILENT ON SUBJECT OF AUSTERITY MEASURES THAT WILL CERTAINLY HAVE TO BE TAKEN TO CORRECT THESE PROBLEMS. ABLE TO HOPE FOR ONLY A THIN MARGIN OF VICTORY IN THE CONFIDENCE VOTE, ECEVIT HAS CLEARLY DECIDED TO RAISE NO UNPLEASANT SUBJECTS BEFORE HIS GOVERNMENT IS CONFIRMED IN OFFICE.

2. HIGHLIGHTS OF THE PROGRAM FOLLOW:

A. TREATMENT OF ECONOMIC IMBALANCES

PROGRAM SHOWS UNDERSTANDING OF NEED TO REDUCE DEMAND.

MEASURES WILL BE TAKEN TO

--REDUCE CONSUMER SPENDING AND ENCOURAGE SAVINGS;

--AVOID UNNECESSARY PUBLIC EXPENDITURES;

--INCREASE EFFICIENCY OF TAX COLLECTION.

COMMERCIAL CREDITS WILL BE DIRECTED INTO INVESTMENTS FOR THE
PUBLIC GOOD AND CONSISTENT WITH ECONOMIC PLANS. PRIORITY,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 ANKARA 00342 01 OF 02 160858Z

FOR EXAMPLE, WILL BE GIVEN TO

--INVESTMENTS LIKELY TO REDUCE FOREIGN-EXCHANGE EXPENDITURES;

--INVESTMENTS IN ENERGY IN ORDER TO ENSURE SUPPLIES ADEQUATE
FOR DEVELOPMENT AND INDUSTRIALIZATION;

--INVESTMENTS IN FACILITIES FOR PROCESSING MINERALS FOR EXPORT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 ANKARA 00342 02 OF 02 160920Z

ACTION EUR-12

INFO OCT-01 NEA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15

STR-06 ITC-01 TRSE-00 PRS-01 SP-02 SOE-02 OMB-01

DOE-11 NSCE-00 SSO-00 USIE-00 INRE-00 /113 W

-----020456 160942Z /23

O R 160740Z JAN 78

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC IMMEDIATE 223

INFO AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY NICOSIA

AMEMBASSY PARIS

AMEMBASSY ISLAMABAD
AMEMBASSY BRUSSELS
AMEMBASSY TEHRAN
AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR
USMISSION NATO
USMISSION GENEVA
USDOCOSOUTH NAPLES
EUCOM
USCINCEUR
CINCUSAFE
USDOCOLANDSOUTHEAST IZMIR
DIA WASHDC

LIMITED OFFICIAL USE SECTION 2 OF 2 ANKARA 0342

USOECD

USEEC

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ANKARA 00342 02 OF 02 160920Z

PROGRAM SHOWS FULL APPRECIATION OF NEED TO BOOST FOREIGN
EXCHANGE EARNINGS. MEASURES THAT THE GOVERNMENT WILL TAKE TO
DOL O INCLUDE:

--DISCONTINUATION OF EXPORT SUBSIDIES ON MANUFACUTRED
GOODS AND ESTABLISHMENT OF INCENTIVES TO ENCOURAGE
TECHNOLOGICAL IMPROVEMENTS BY TURKISH INDUSTRY--MOVES
DESIGNED TO INCREASE THE COMPETITIVENESS OF TURKEY ABROAD
AND TO RELIEVE THE BUDGET OF A HEAVY BURDEN;

--ESTABLISHMENT OF A FOREIGN TRADE INSTITUTE THAT WILL
PROVIDE PUBLIC AND PRIVATE ENTERPRISES ALIKE WITH MARKET
RESEARC, MARKETING KNOW-HOW, AND OTHER INFORMATION TO HELP
THEM SELL ABROAD.

B. ENERGY POLICY

GOVERNMENT WILL IMPLEMENT A NATIONAL ENERGY PLAN. WHILE
PROGRAM GIVES LITTLE INFORMATION ABOUT THE PLAN, IT DOES
INDICATE THAT MEASURES WILL BE TAKEN TO

--REDUCE DEPENDENCE ON ENERGY FROM ABROAD,

--MEET THE ENERGY REQUIREMENTS OF INDUSTRY AS SOON AS
POSSIBLE;

--AVOID FURTHER DELAYS IN CONSTRUCTION OF HYDRO-AND
COAL-FIRED POWER PLANTS;

--CONTINUE WORK ON DEVELOPMENT OF A NUCLEAR-POWER PROGRAM;

--REDUCE LOSS OF ENERGY AND ENSURE ENERGY SAVINGS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ANKARA 00342 02 OF 02 160920Z

C. FOREIGN DIRECT INVESTMENT

PROGRAM GIVES NOTICE THAT FOREIGN CAPITAL BROUGHT INTO
TURKEY MUST PROVIDE ADVANCED TECHNOLOGY, SPEED TURKEY'S
INDUSTRIALIZATION, PRODUCE EXPORTS, AND POSITIVELY AFFECT THE
BALANCE OF PAYMENTS.

D. INTERNATIONAL ECONOMIC RELATIONS

REGIONAL ECONOMIC COOPERATION, RESOLUTION OF TURKEY'S
PROBLEMS WITH THE EUROPEAN ECONOMIC COMMUNITY (EC), AND
VZURKISH SUPPORT FOR THE EFFORTS OF OTHER LDC'S TO CREATE A
NEW INTERNATIONAL ECONOMIC ORDER WILL BE THE CORNERSTONES
OF TURKEY'S INTERNATIONAL ECONOMIC RELATIONS:

--GOVERNEMENT WILL ATTEMPT TO ESTABLISH ECONOMIC
COOPERATION WITH MIDDLE EASTERN, MEDITERRANENAN, AND BALKAN
COUNTRIES WHICH HAVE GREAT CAPITAL RESOURCES AND WITH
WHICH IT HAS FRIENDLY TIES. A MAIN GOAD OF THE INDUSTRIALIZA-
TION POLICY WILL BE COOPERATION WITH MIDDLE EASTERN COUNTRIES,
ESPECIALLY IN JOINT INVESTMENTS FOR THE DEVELOPMENT OF
ECONOMICALLY DEPRESSED EASTERN AND SOUTHEASTERN ANATOLIA.

--PROGRAM PLEDGES THAT NECESSARY EFFORTS WILL BE MADE
IMMEDIATELY TO RESOLVE TO TURKEY'S ADVANTAGE ITS PROBLEMS WITH
THE EC. PROGRAM LADS READER TO INFER THAT GOVERNMENT WILL
ATTEMPT TO RENOGOTIATE CERTAIN ARTICLES IN THE PROTOCOLS
COVERING THE TRANSITION PERIOD; THESE ARTICLES ARE CRITICIZED
AS MAKING IT DIFFICULT FOR TURKEY TO FOLLOW A FOREIGN TRADE
POLICY THAT IS IN LINE WITH ITS ECONOMIC AND PLLITICAL INTERESTS.
PROGRAM INDICATES THAT GOVERNMENT WILL ALSO TRY TO RESTRUCTURE
THE TURKISH ECONOMY IN SUCH A WAY THAT IT WILL NOT BE
"OPPRESSED" INT ITS RELATIONS WITH THE EC.

--PROPOSAL MOST WORTHY OF NOTE IN THE INTERNATIONAL
ECONOMIC AREA IN GOVERNMENT'S INTENT TO LEND ITS SUPPORT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 ANKARA 00342 02 OF 02 160920Z

IN INTERNATIONAL ECONOMIC PROBLEMS TO DEVELOPING COUNTRIES
IN SEARCH OF A NEW INTERNATIONAL ECONOMIC ORDER. "OUR GOVERNMENT,
WHICH BELIEVES IN THE LEADERSHIP OF THE UNDERDEVELOPMENT

OR DEVELOPING COUNTRIES, STRONG ECONOMIC INTERRELANCE BETWEEN
THEM AND FORMATION OF COOPERATION GROUPS AMONG THEM FOR THE
ESTABLISHMENT OF A JUST ECONOMIC ORDER IN THE WORLD, WILL MAKE
THE NECESSARY INTERNATIONAL EXERTIONS FOR THAT PURPOSE."
STATEMENT SUGGESTS THAT NEW GOVERNMENT MAY MOVE TURKEY CLOSER
TO G-77 AND FURTHER THAN IT HAS BEEN IN THE PAST.

3. COMMENT. WE WILL HAVE TO WAIT UNTIL ECEVIT GOVERNMENT
IS CONFIRMED IN OFFICE TO FIND OUT HOW IT WILL HANDLE ALL OF
"TURKEY'S ACUTE ECONOMIC PROBLEMS. PROGRAM GIVES ONLY THE
MOST GENERAL INDICATIONS. IT PROVIDES NO BASIS FOR
RESUMPTION OF DISCUSSIONS WITH IMF, NOR WAS IT INTENDED TO
DO SO. ECONOMIC SECTION IS BLATANTLY A POLITICAL DOCUMENT,
WHICH SERVES AS A DECLARATION OF THE GOVERNMENT'S
COMMITMENT TO SOCIAL JUSTICE, INCLUDING EQUITABLE DISTRIBUTION
OF INCOME AND OPPORTUNITY AMONG INDIVIDUALS AND BETWEEN
REGIONS OF THE COUNTRY. PROGRAM, TO EXTENT THAT IT HAS
BEEN REVEALED, POSES NO THREAT TO US ECONOMIC AND COMMERCIAL
INTERESTS IN TURKEY. HOWEVER, A CLOSER IDENTIFICATION OF
TURKEY WITH LDC GROUPINGS, INCLUDING G-77, AS SEEMS HINTED,
WOULD MEAN A MORE ACTIVE ROLE FOR TURKEY ON THE SIDE OF THE
LDC'S IN NORTH/SOUTH DIALOGUE THAN IT HAS TAKEN IN THE PAST.
SPIERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ANKARA00342
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780022-0851
Format: TEL
From: ANKARA USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780161/aaaabzlw.tel
Line Count: 307
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 579e63e3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ANKARA 4962
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3772418
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC PROGRAM OF ECEVIT GOVERNMENT
TAGS: PINT, EGEN, EFIN, ETRD, ENRG, TU
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/579e63e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014